

Budget Message

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Council, Mayor Piercy, Colleagues, and Members of the Eugene Community:

As a result of the economic downturn, over the past six years we have had to fill a General Fund budget gap totaling \$30 million or 24% of the General Fund. Our approach has been to minimize the impact on community services and employees, and develop a financially stable budget. We have harnessed the innovation and optimism of many people to not only survive, but to thrive. Through it all, we retained a full range of robust municipal services and served our community well. We have also been able to move the organization and the community forward in key areas by making strategic investments, such as:



- Improved downtown public safety;
- Continued progress on homelessness issues;
- Constructed the Washington Jefferson skate park;
- Advanced Envision Eugene;
- Revitalized Downtown;
- Implemented the Eugene-Springfield Fire Merger;
- Secured safe, cost effective facilities for the Police Department and Municipal Court;
- Organized the 2014 Neighborhoods USA conference;
- Implemented the Triple Bottom Line framework for decision making; and
- Hosted international track and field competitions.

These are just a few of the many accomplishments we have realized together over the past several years.

The hard work by staff, Executive Team, Budget Committee, community partners and elected officials over the last six years, along with an improved economy, has been successful in creating a stable budget in FY16. A significant accomplishment of this difficult work is that we resisted the temptation to fund ongoing services with one-time dollars. As a result, the organization is in a much better position to be able to face the known and unknown challenges that may lie ahead.

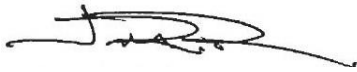
The FY16 Adopted Budget maintains current service levels and includes General Fund changes that reflect City Council priorities related to sick leave for temporary employees, Sheldon Branch Library funding, and Human Services Commission funding, as well as funds to address the evidence backlog in the Police Department. Other fund changes address energy efficiency, grounds maintenance at the wastewater plant, funding for the replacement of technology and core business software, and increasing capacity in the building permits area as the economy has improved. The Budget Committee recommended the budget largely unchanged except to add more funding for neighborhood newsletter outreach and grants.

Looking to the future, we must continue to exercise fiscal discipline. There is some uncertainty about our financial future due to the Oregon Supreme Court ruling invalidating a portion of the 2013 PERS reforms. We expect to receive additional information on the impact of the PERS ruling to the City from the PERS Board later this year. That information, together with updated property tax information from the Lane County Assessor and other economic indicators, will shape our financial outlook as we move forward.

Under an improved financial outlook, we may be tempted to increase expenses to restore services that were reduced in recent years. Instead, let us look ahead towards what the community wants for the future, rather than look backwards at what has been changed. In this way, we can achieve the community's best outcomes for libraries of the future, development and maintenance of community and neighborhood parks, economic prosperity, and a justice system that offers hope, accountability and protection. These explorations may require new revenue sources to expand and sustain these vital services.

As the economy strengthens, so does our outlook for new opportunities and renewed partnerships; redeveloping the EWEB riverfront property, constructing Whole Foods downtown, moving 365 homeless veterans into housing and rebuilding City Hall refresh our optimism as we emerge from the fiscal storm. While we work in a stronger fiscal environment on these and other opportunities, we must stay diligent and be thoughtful about the choices we make.

Sincerely,



Jon R. Ruiz
City Manager

Budget Message

Summary of Changes to the City of Eugene FY16 Proposed Budget

Fund / Department	FY16 Proposed Budget	<----- Budget Committee Actions ----->				Council Action	FY16 Adopted Budget
		Misc. Actions	Encumbrances Reserve/Carryover	Capital Carryover	Budget Comm. Recommend.		
A. General Fund							
Central Services	22,851,243	55,000 (a)			22,906,243		22,906,243
Fire and Emergency Medical Services	27,594,830				27,594,830		27,594,830
Library, Recreation and Cultural Services	27,348,754				27,348,754		27,348,754
Planning and Development	5,919,055				5,919,055		5,919,055
Police	49,611,910				49,611,910		49,611,910
Public Works	5,790,248				5,790,248		5,790,248
Interfund Transfers	4,379,300				4,379,300		4,379,300
Special Payments	700,000				700,000		700,000
Contingency	32,000				32,000		32,000
Reserve	12,270,266	(55,000) (a)	3,116,698		15,331,964		15,331,964
Unappropriated Ending Fund Balance	23,040,000				23,040,000		23,040,000
Total	\$179,537,606	-	\$3,116,698	-	\$182,654,304	-	\$182,654,304
(a) One-time restoration of funding to Neighborhood Services for newsletter outreach and matching grants in the amount of \$55,000 from the Reserve for Property Tax Appeals.							
B. Special Assessment Management Fund							
Central Services	130,758				130,758		130,758
Interfund Transfers	7,000				7,000		7,000
Special Payments	30,000				30,000		30,000
Reserve	50,000				50,000		50,000
Balance Available	1,128,565				1,128,565		1,128,565
Total	\$1,346,323	-	-	-	\$1,346,323	-	\$1,346,323
C. Road Fund							
Public Works	12,816,891		528,617		13,345,508		13,345,508
Interfund Transfers	863,000				863,000		863,000
Balance Available	941,022				941,022		941,022
Total	\$14,620,913	-	\$528,617	-	\$15,149,530	-	\$15,149,530
D. Public Safety Communications Fund							
Police	2,768,666		16,637		2,785,303		2,785,303
Interfund Transfers	197,000				197,000		197,000
Reserve	903,409				903,409		903,409
Balance Available	602,289				602,289		602,289
Total	\$4,471,364	-	\$16,637	-	\$4,488,001	-	\$4,488,001

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Summary of Changes to the City of Eugene FY16 Proposed Budget

Fund / Department	FY16 Proposed Budget	<----- Budget Committee Actions ----->				Council Action	FY16 Adopted Budget
		Misc. Actions	Encumbrances Reserve/Carryover	Capital Carryover	Budget Comm. Recommend.		
E. <u>Telecommunication Registration/Licensing Fund</u>							
Central Services	2,328,100		382,492		2,710,592		2,710,592
Capital Projects	-			169,850	169,850		169,850
Interfund Transfers	1,493,000				1,493,000		1,493,000
Reserve	340,907				340,907		340,907
Balance Available	2,914,256				2,914,256		2,914,256
Total	\$7,076,263	-	\$382,492	\$169,850	\$7,628,605	-	\$7,628,605
F. <u>Construction and Rental Housing Fund</u>							
Fire and Emergency Medical Services	303,275				303,275		303,275
Planning and Development	6,363,314		170,338		6,533,652		6,533,652
Public Works	440,639				440,639		440,639
Interfund Transfers	820,000				820,000		820,000
Special Payments	800,000				800,000		800,000
Balance Available	4,682,851				4,682,851		4,682,851
Total	\$13,410,079	-	\$170,338	-	\$13,580,417	-	\$13,580,417
G. <u>Solid Waste and Recycling Fund</u>							
Planning and Development	731,644		89,000		820,644		820,644
Interfund Transfers	74,000				74,000		74,000
Balance Available	557,025				557,025		557,025
Total	\$1,362,669	-	\$89,000	-	\$1,451,669	-	\$1,451,669
H. <u>Community Development Fund</u>							
Planning and Development	1,864,039		508,442		2,372,481		2,372,481
Capital Projects	-			1,582,134	1,582,134		1,582,134
Debt Service	368,000				368,000		368,000
Interfund Transfers	123,000				123,000		123,000
Special Payments	7,981,938		1,348,021		9,329,959		9,329,959
Reserve	1,190,000				1,190,000		1,190,000
Total	\$11,526,977	-	\$1,856,463	\$1,582,134	\$14,965,574	-	\$14,965,574

Budget Message

Summary of Changes to the City of Eugene FY16 Proposed Budget

Fund / Department	FY16 Proposed Budget	<----- Budget Committee Actions ----->				Council Action	FY16 Adopted Budget
		Misc. Actions	Encumbrances Reserve/Carryover	Capital Carryover	Budget Comm. Recommend.		
I. <u>Library, Parks and Recreation Fund</u>							
Library, Recreation and Cultural Services	367,000				367,000		367,000
Capital Projects	50,306			1,184,136	1,234,442		1,234,442
Special Payments	62,000				62,000		62,000
Reserve	2,639,530				2,639,530		2,639,530
Balance Available	384,135				384,135		384,135
Total	\$3,502,971	-	-	\$1,184,136	\$4,687,107	-	\$4,687,107
J. <u>General Obligation Debt Service Fund</u>							
Debt Service	14,318,963				14,318,963		14,318,963
Total	\$14,318,963	-	-	-	\$14,318,963	-	\$14,318,963
K. <u>Special Assessment Bond Debt Service Fund</u>							
Debt Service	367,502				367,502		367,502
Interfund Transfers	363,535				363,535		363,535
Reserve	56,718				56,718		56,718
Total	\$787,755	-	-	-	\$787,755	-	\$787,755
L. <u>General Capital Projects Fund</u>							
Library, Recreation and Cultural Services	20,000				20,000		20,000
Capital Projects	2,979,905			23,467,146	26,447,051		26,447,051
Debt Service	50,000				50,000		50,000
Reserve	566,560				566,560		566,560
Balance Available	655,589				655,589		655,589
Total	\$4,272,054	-	-	\$23,467,146	\$27,739,200	-	\$27,739,200
M. <u>Systems Development Capital Projects Fund</u>							
Planning and Development	114,035				114,035		114,035
Public Works	373,340		34,806		408,146		408,146
Capital Projects	3,367,000			5,294,107	8,661,107		8,661,107
Interfund Transfers	39,000				39,000		39,000
Balance Available	14,447,622				14,447,622		14,447,622
Total	\$18,340,997	-	\$34,806	\$5,294,107	\$23,669,910	-	\$23,669,910

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Summary of Changes to the City of Eugene FY16 Proposed Budget

Fund / Department	FY16 Proposed Budget	<----- Budget Committee Actions ----->				Council Action	FY16 Adopted Budget
		Misc. Actions	Encumbrances Reserve/Carryover	Capital Carryover	Budget Comm. Recommend.		
N. <u>Transportation Capital Projects Fund</u>							
Capital Projects	12,825,070			9,514,677	22,339,747		22,339,747
Debt Service	10,000				10,000		10,000
Balance Available	374,130				374,130		374,130
Total	\$13,209,200	-	-	\$9,514,677	\$22,723,877	-	\$22,723,877
O. <u>Special Assessment Capital Projects Fund</u>							
Interfund Transfers	630,291				630,291		630,291
Balance Available	988,199				988,199		988,199
Total	\$1,618,490	-	-	-	\$1,618,490	-	\$1,618,490
P. <u>Municipal Airport Fund</u>							
Fire and Emergency Medical Services	848,932				848,932		848,932
Police	551,207				551,207		551,207
Public Works	6,748,356		344,626		7,092,982		7,092,982
Capital Projects	8,055,000			11,838,550	19,893,550		19,893,550
Interfund Transfers	520,000				520,000		520,000
Reserve	2,610,001				2,610,001		2,610,001
Balance Available	5,149,296				5,149,296		5,149,296
Total	\$24,482,792	-	\$344,626	\$11,838,550	\$36,665,968	-	\$36,665,968
Q. <u>Parking Services Fund</u>							
Central Services	428,331		3,438		431,769		431,769
Planning and Development	4,187,280		13,000		4,200,280		4,200,280
Public Works	50,237				50,237		50,237
Capital Projects	50,000			34,801	84,801		84,801
Interfund Transfers	1,502,755				1,502,755		1,502,755
Balance Available	87,764				87,764		87,764
Total	\$6,306,367	-	\$16,438	\$34,801	\$6,357,606	-	\$6,357,606
R. <u>Wastewater Utility Fund</u>							
Public Works	24,942,655		1,088,787		26,031,442		26,031,442
Capital Projects	2,140,000			3,050,189	5,190,189		5,190,189
Interfund Transfers	1,520,000				1,520,000		1,520,000
Special Payments	26,644,900				26,644,900		26,644,900
Balance Available	753,771				753,771		753,771
Total	\$56,001,326	-	\$1,088,787	\$3,050,189	\$60,140,302	-	\$60,140,302

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Summary of Changes to the City of Eugene FY16 Proposed Budget

Fund / Department	FY16 Proposed Budget	<----- Budget Committee Actions ----->				Council Action	FY16 Adopted Budget
		Misc. Actions	Encumbrances Reserve/Carryover	Capital Carryover	Budget Comm. Recommend.		
S. <u>Stormwater Utility Fund</u>							
Public Works	14,497,433		433,628		14,931,061		14,931,061
Capital Projects	2,815,000			4,516,121	7,331,121		7,331,121
Interfund Transfers	1,086,000				1,086,000		1,086,000
Special Payments	15,000				15,000		15,000
Balance Available	1,714,548				1,714,548		1,714,548
Total	\$20,127,981	-	\$433,628	\$4,516,121	\$25,077,730	-	\$25,077,730
T. <u>Ambulance Transport Fund</u>							
Fire and Emergency Medical Services	6,772,184				6,772,184		6,772,184
Interfund Transfers	932,390				932,390		932,390
Balance Available	2,009				2,009		2,009
Total	\$7,706,583	-	-	-	\$7,706,583	-	\$7,706,583
U. <u>Fleet Services Fund</u>							
Public Works	11,521,535		337,842		11,859,377		11,859,377
Interfund Transfers	356,000				356,000		356,000
Reserve	11,755,102				11,755,102		11,755,102
Balance Available	456,248				456,248		456,248
Total	\$24,088,885	-	\$337,842	-	\$24,426,727	-	\$24,426,727
V. <u>Information Systems and Services Fund</u>							
Central Services	13,115,172		182,031		13,297,203		13,297,203
Interfund Transfers	299,000				299,000		299,000
Reserve	755,599				755,599		755,599
Balance Available	630,487				630,487		630,487
Total	\$14,800,258	-	\$182,031	-	\$14,982,289	-	\$14,982,289
W. <u>Facilities Services Fund</u>							
Central Services	9,201,325		82,383		9,283,708		9,283,708
Planning and Development	343,206				343,206		343,206
Capital Projects	-			515,476	515,476		515,476
Debt Service	211,700				211,700		211,700
Interfund Transfers	433,000				433,000		433,000
Reserve	542,000				542,000		542,000
Balance Available	2,095,637				2,095,637		2,095,637
Total	\$12,826,868	-	\$82,383	\$515,476	\$13,424,727	-	\$13,424,727

Budget Message

Summary of Changes to the City of Eugene FY16 Proposed Budget

Fund / Department	FY16 Proposed Budget	<----- Budget Committee Actions ----->				Council Action	FY16 Adopted Budget
		Misc. Actions	Encumbrances Reserve/Carryover	Capital Carryover	Budget Comm. Recommend.		
X. <u>Risk and Benefits Fund</u>							
Central Services	35,284,068		29,063		35,313,131		35,313,131
Debt Service	6,069,400				6,069,400		6,069,400
Interfund Transfers	129,000				129,000		129,000
Reserve	6,703,895				6,703,895		6,703,895
Balance Available	2,501,142				2,501,142		2,501,142
Total	\$50,687,505	-	\$29,063	-	\$50,716,568	-	\$50,716,568
Y. <u>Professional Services Fund</u>							
Public Works	5,952,751		224,298		6,177,049		6,177,049
Interfund Transfers	665,000				665,000		665,000
Reserve	2,225,204				2,225,204		2,225,204
Balance Available	1,204,485				1,204,485		1,204,485
Total	\$10,047,440	-	\$224,298	-	\$10,271,738	-	\$10,271,738
TOTAL CITY OF EUGENE BUDGET	\$516,478,629	-	\$8,934,147	\$61,167,187	\$586,579,963	-	\$586,579,963

Budget Message

Summary of Changes to the Urban Renewal Agency FY16 Proposed Budget

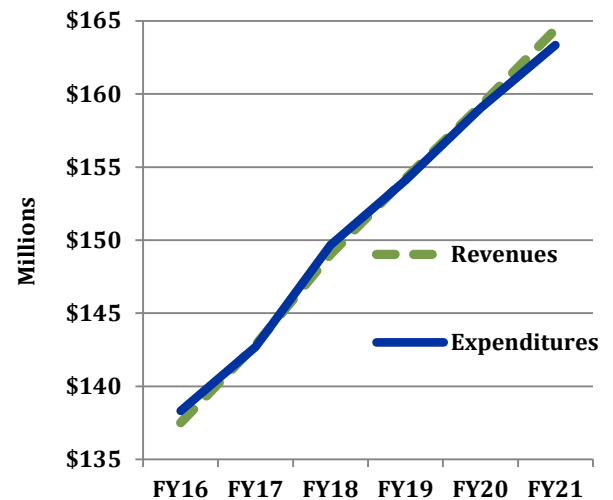
Fund / Department	FY16 Proposed Budget	<----- Budget Committee Actions ----->				URA Board Action	FY16 Adopted Budget
		Misc. Actions	Encumbrances Reserve/Carryover	Capital Carryover	Budget Comm. Recommend.		
A. <u>Downtown General Fund</u>							
Planning and Development	134,654				134,654		134,654
Special Payments	793,854				793,854		793,854
Balance Available	22,442				22,442		22,442
Total	\$950,950	-	-	-	\$950,950	-	\$950,950
B. <u>Downtown Debt Service Fund</u>							
Debt Service	2,253,000				2,253,000		2,253,000
Interfund Transfers	126,000				126,000		126,000
Balance Available	880,317				880,317		880,317
Total	\$3,259,317	-	-	-	\$3,259,317	-	\$3,259,317
C. <u>Downtown Capital Projects Fund</u>							
Capital Projects	-			515,972	515,972		515,972
Balance Available	23,526				23,526		23,526
Total	\$23,526	-	-	\$515,972	\$539,498	-	\$539,498
D. <u>Riverfront General Fund</u>							
Planning and Development	333,360				333,360		333,360
Interfund Transfers	2,990,000				2,990,000		2,990,000
Balance Available	6,352,802				6,352,802		6,352,802
Total	\$9,676,162	-	-	-	\$9,676,162	-	\$9,676,162
E. <u>Riverfront Capital Projects Fund</u>							
Capital Projects	-			135,286	135,286		135,286
Balance Available	739,232				739,232		739,232
Total	\$739,232	-	-	\$135,286	\$874,518	-	\$874,518
F. <u>Riverfront Program Revenue Fund</u>							
Special Payments	1,000,000				1,000,000		1,000,000
Reserve	1,995,000				1,995,000		1,995,000
Total	\$2,995,000	-	-	-	\$2,995,000	-	\$2,995,000
TOTAL URBAN RENEWAL AGENCY BUDGET	\$17,644,187	-	-	\$651,258	\$18,295,445	-	\$18,295,445

General Fund (Main Subfund) Six-Year Financial Forecast FY16 to FY21

The General Fund Forecast has been updated to reflect the FY16 Adopted Budget. The difference between the FY16 Proposed and FY16 Adopted Budget is the Budget Committee addition of \$55,000 for neighborhood newsletter outreach and matching grants as well as the incorporation of the \$2.7 million reserve for encumbrance. All other actions and forecast variables are consistent with the previous forecast.

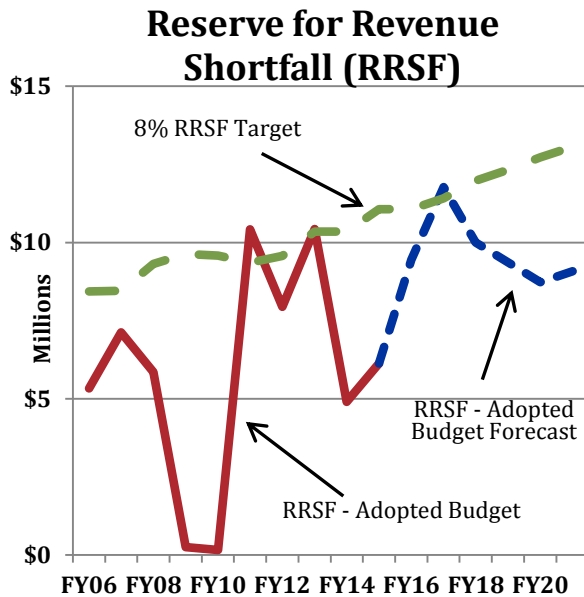
Over the past six years when the budget forecast has been presented, we have shown a budget gap which represented the annualized shortfall if no action was taken to live within our means. The General Fund Forecast for the FY16 Adopted Budget includes on-going funding for the Sheldon Branch Library, funding to implement sick leave for temporary employees as well as limited duration funding for Evidence Control Unit staffing and the Human Services Commission discretionary funding (see FY16 General Fund Changes for more information). After incorporating these service adjustments, the forecast shows that the service system is essentially stable in future years with revenues greater than or equal to expenditures for most of the forecast period.

Revenues vs Expenditures



However, there is some uncertainty about our financial future due to the recent Oregon Supreme Court ruling invalidating a portion of the 2013 PERS reforms. We expect to receive additional information on the impact of the PERS ruling on the City from the PERS Board later this year. That information, along with updated property tax information from the Lane County Assessor and other economic indicators may change our financial outlook for the future.

The City maintains two key reserves: the Unappropriated Ending Fund Balance (UEFB) and the Reserve for Revenue Shortfall (RRSF). The UEFB is budgeted at two months of operating expenses to allow the City to pay bills and make payroll between the start of the fiscal year in July until November when property tax revenue is received. The RRSF is in essence the savings account for the General Fund and is a key measure of the City's fiscal health. The target level for the RRSF is 8% of General Fund expenditures. On average, the target level is approximately \$12 million per year over the forecast period.



The Reserve for Revenue Shortfall drops from 6.8% in FY16 to 5.6% in FY20 but starts to increase slightly by the end of the forecast period. As we move forward, it will be important to identify one-time resources that can be used to bring the Reserve for Revenue Shortfall back up to target levels so the organization will have the ability to respond in a thoughtful way to unanticipated future events.

There are several areas of risk to the forecast that will be monitored moving forward:

Property Tax Revenue – Assessed value growth returned to pre-recession levels in FY15 at 4.3% and the FY16 Adopted Budget includes a moderate growth rate of 4% throughout the forecast period. If the economy were to slow and the assessed value growth rate were to drop to 3% over the forecast period, property tax revenues would be reduced by \$3.4 million on average annually. Total property tax revenue, including current and delinquent taxes, is projected at \$88.7 million in FY15, \$91.8 million in FY16 and \$112.3 million by FY21.

PERS Rates – The FY16 Adopted Budget includes PERS rate increases in FY16 and FY18. Factors that could affect rate increases in FY18 and beyond include the impact of the recent Oregon Supreme Court PERS ruling and performance of financial markets over time. The PERS Board will provide additional information on the impact of the PERS ruling to the City later this year.

Inflation – Interest rates are anticipated to increase in the short-term and could potentially impact the low inflationary factors that have been present for some time. Changes in the rate of inflation can have a large impact on the forecast. An increase of 0.5% over the inflation rates assumed in the FY16 Adopted Budget forecast would increase costs an additional \$7 million over the forecast period. Inflation rates beginning in FY17 are pegged at the inflation percentages used by the State Office of Economic Analysis in their February 2015 forecast. The FY16 rate is 1.3%. In FY17 the rate is 2.3%, increasing to a high of 2.5% by the end of the forecast period.

Legislation – Legislation was passed this session that increases exemptions for centrally assessed properties which will likely reduce property tax revenue to the City. The full impact to the City of Eugene has not yet been determined. This legislation takes effect in FY17.

Other Forecast Variables

Property Tax Collection Rate – The projected property tax collection rate is estimated at 94.3% for FY15, and is set at 94.3% in FY16 and the outyears of the forecast. The actual collection rates for FY13 and FY14 were 94.3% and 94.4%, respectively. These collection rates are applied against the gross taxes levied by the Lane County Assessor and incorporate the 3% early payment discount available to taxpayers for making full payment of taxes in November.

EWEB Contributions-in-lieu-of-taxes (CILT) – Revenue from EWEB is projected by EWEB staff at \$13.1 million in FY16 and continues to build to \$14.0 million annually by the end of the forecast. These estimates incorporate the new methodology approved last year and future anticipated rate increases in the out years of the forecast.

Licenses and Permits – Right-of-way use fees from Century Link, Northwest Natural Gas, Comcast and other providers are included at \$6.2 million in FY16, increasing to \$6.9 million annually by FY21.

Interest Earnings – Portfolio interest earnings are projected at 0.3% in FY15, 0.75% in FY16 and increasing in the out years of the forecast to 4.0% by FY21. This reflects an outlook of rising rates in the near future.

State Shared Revenues – This revenue is projected to increase from \$4.5 million to \$5.9 million over the forecast period.

Cost of Living Adjustments (COLA) – If a labor contract is in place, the forecast includes the COLA per the contract. If no contract is in place for a particular year, the forecast assumes the State Office of Economic Analysis inflation projections from their February 2015 forecast.

Materials and Services – The FY16 rate is 1.3%, and increases beginning in FY17 are tied to the inflation percentages used by the State Office of Economic Analysis in their February 2015 forecast.

Health Benefits – The forecast includes a health benefits inflation rate of 7.0% in FY16. Based on preliminary projections from the City's actuary, the cost of health benefits is expected to drop to 6.5% in FY17 and 6% in FY18 and beyond.

GENERAL FUND SIX-YEAR FINANCIAL FORECAST (MAIN SUBFUND 011), FY16 THROUGH FY21
 FY16 Adopted Budget
 June 22, 2015

Executive Summary: Resources and Requirements

		FY13	FY14	Projected FY15	Adopted Budget FY16	FY17	FY18	Forecast FY19	FY20	FY21
Resources										
Beginning Working Capital		\$38,065,592	\$35,415,888	\$38,503,285	\$36,714,213	\$35,942,000	\$36,116,000	\$35,533,000	\$35,681,000	\$35,903,000
Current Revenues		126,729,969	131,743,389	134,314,955	137,517,842	142,836,000	149,039,000	154,230,000	159,212,000	164,415,000
Total Resources		164,795,561	167,159,277	172,818,240	174,232,055	178,778,000	185,155,000	189,763,000	194,893,000	200,318,000
Requirements										
Departmental Expenditures										
Personnel		91,268,603	91,250,712	95,657,352	102,850,741	105,968,000	110,889,000	114,348,000	118,304,000	121,568,000
Materials and Services		30,462,227	30,268,581	34,830,552	30,359,834	31,397,000	32,310,000	33,149,000	33,937,000	34,820,000
Departmental Sub Total		121,730,830	121,519,293	130,487,905	133,210,575	137,365,000	143,199,000	147,497,000	152,241,000	156,388,000
Non-Departmental Expenditures		7,648,844	7,136,699	8,339,931	5,079,300	5,297,000	6,423,000	6,585,000	6,749,000	6,918,000
Total Expenditures		129,379,673	128,655,993	138,827,836	138,289,875	142,662,000	149,622,000	154,082,000	158,990,000	163,306,000
Change in UEFB	(1)	-	-	40,000	1,330,000	732,000	1,160,000	743,000	818,000	719,000
Total Expenditures plus Change in UEFB		129,379,673	128,655,993	138,867,836	139,619,875	143,394,000	150,782,000	154,825,000	159,808,000	164,025,000
Annual Operating Surplus/(Deficit)	(2)	(2,649,704)	3,087,396	(4,552,881)	(2,102,033)	(558,000)	(1,743,000)	(595,000)	(596,000)	390,000
Ending Fund Balance										
UEFB at June 30	(3)	21,150,000	21,670,000	21,710,000	23,040,000	23,772,000	24,932,000	25,675,000	26,493,000	27,212,000
Reserves										
Reserve for Revenue Shortfall (RRSF)	(4)	10,597,727	5,480,301	6,532,237	9,451,371	11,812,000	10,069,000	9,474,000	8,878,000	9,268,000
Other Reserves	(5)	1,000,000	1,000,000	1,000,000	3,450,809	532,000	532,000	532,000	532,000	532,000
Total Reserves		11,597,727	6,480,301	7,532,237	12,902,180	12,344,000	10,601,000	10,006,000	9,410,000	9,800,000
Mid-Year Adjustments or Experience Estimates	(6)	(1,849,710)	1,609,437	4,748,167						
Reserve For Encumbrance For the Next Fiscal Year	(7)	1,556,669	1,714,021	2,723,809						
Marginal Beginning Working Capital For The Next Fiscal Year	(8)	2,961,202	7,029,526							
Total Ending Fund Balance		35,415,888	38,503,285	36,714,213	35,942,180	36,116,000	35,533,000	35,681,000	35,903,000	37,012,000
Total Requirements		164,795,561	167,159,278	175,542,049	174,232,055	178,778,000	185,155,000	189,763,000	194,893,000	200,318,000

Notes.

- (1) Increase necessary to keep Unappropriated Ending Fund Balance (UEFB) at Council adopted policy level of two months of operating expenditures, excluding reserves and contingency.
- (2) Annual Operating Surplus/Deficit equals Current Revenues less Total Expenditures plus Change in UEFB.
- (3) Per Council policy UEFB equals two months operating expenses (total department and non-departmental expenditures).
- (4) RRSF as budgeted for actual and budgeted years. Forecast assumes any annual surpluses are set aside in RRSF and used to fully or partially fund any future operating deficits.
- (5) Other Reserves includes reserves for property tax appeals and contingency.
- (6) Mid-year adjustments include supplemental budget actions, experience estimates for revenues/expenditures and adjustments to Beginning Working Capital (BWC) to enact the adopted budget
- (7) Reserve for Encumbrance represents a reserve for uncompleted contracts carried over to the next fiscal year.
- (8) Marginal Beginning Working Capital (MBWC) represents the audited difference between estimated BWC and actual BWC. MBWC is appropriated by City Council on supplemental budget in December each year.

<i>Reserve For Revenue Shortfall (RRSF) as a % of Actual or Projected Expenditures</i>	8.2%	4.3%	4.7%	6.8%	8.3%	6.7%	6.1%	5.6%	5.7%
<i>Reserve For Revenue Shortfall (RRSF) as a % of Expenditures per the Adopted Budget; Target is 8%</i>	6.2%	3.8%	4.7%						

FY16 General Fund Budget Changes

On-Going Funding	FTE	Amount
Sheldon Branch Funding	2.55	\$315,000
Sick Leave Pay For Employees	0.00	\$300,000
Sick Leave Ordinance - BOLI Contract	0.00	\$35,000
Total	2.55	\$650,000

Limited Duration Funding	FTE	Amount
Property Control Unit Staffing (FY16 and FY17)	0.00	\$250,000
Human Services Commission Discretionary Payment (FY16)	0.00	\$250,000
Neighborhood Services Newsletter Outreach and Matching Grants (FY16)	0.00	\$55,000
Total	0.00	\$555,000

Sheldon Branch – Provide on-going funding for the Sheldon Branch Library at current service levels; open 26 hours, five days per week.

Sick Leave Pay For Temporary Employees – Provide on-going funding to pay sick leave costs for temporary City of Eugene employees related to Ordinance 20537 and Oregon Senate Bill 454, effective January 1, 2016.

Sick Leave Ordinance, BOLI Contract – Provide on-going funding for the BOLI contract for education, outreach and enforcement activities related to Ordinance 20537 and Oregon Senate Bill 454.

Evidence Control Unit (formerly Property Control) Staffing – Provide funding for two years as additional resources for the Evidence Control Unit to comply with audit recommendations.

Human Services Commission Discretionary Payment – Provide funding for an additional year to the Human Services Commission (HSC) to support social services at the same level as provided in FY15.

Neighborhood Services Newsletter Outreach and Matching Grants – Provide funding for an additional year to Neighborhood Services for newsletter outreach and matching grants.

FY16 Other Fund Budget Changes

Road Fund (Fund 131)	FTE	Amount
LED Street Lighting Retrofit Phase One	0.00	\$1,700,000
Construction Permits Fund (Fund 135)		
Building Permit Inspectors	2.00	\$240,000
Structural Engineer Plans Reviewer	1.00	\$140,000
Parking Fund (Fund 520)		
Parking Citation and Permit Software System	0.00	\$250,000
Wastewater Utility Fund (Fund 533)		
Wastewater Grounds Maintenance	0.00	\$291,600
Central Business Software Replacement (Fund 613)		
Core Business Software Replacement	0.00	\$6,279,000
Total	3.00	\$8,900,600

Road Fund

- *LED Street Lighting Retrofit Phase One* – Provides funding for a project to replace non-decorative 70-watt and 100-watt high pressure sodium (HPS) street lighting currently funded by the Road fund. Through reduction of energy usage this project will reduce total greenhouse gas emissions from City fixtures by approximately 4%.

Construction Permits Fund

- *Building Permit Inspectors* – Provides funding for 2 Building and Permit Services inspectors for the Building Inspection Team. The number of inspections performed in Eugene has increased 11% since FY10 while the number of FTE has decreased by 24%. Additional inspectors will enable the City to complete scheduled inspections within 24 hours as required by state code without having to receive assistance from other jurisdictions or delay inspections.
- *Structural Engineer Plans Reviewer* – Provides funding for an in-house plans reviewer to address the increased demand and complexity of commercial developments in Eugene that have occurred as the economy has rebounded. This increased demand exceeds the current service capacity for Building and Permit services.

Parking Fund

- *Parking Citation and Permit Software System* – Provides funding for a citation and permit issuing software and hardware system to replace the current system that was purchased in 1991 and was last upgraded in the early 2000's. The new system would utilize current technology such as cell phone apps, Bluetooth printers for citations and "live" information on monthly permit parkers to greatly increase efficiency and move towards e-parking permits.

Wastewater Utility Fund

- *Wastewater Ground Maintenance* – Provides funding for additional grounds maintenance activities. Significant landscaping and riparian improvements were required as part of the Metropolitan Wastewater Management Commission's Facility Plan to increase plant capacity. In FY16, the Wastewater Division will assume responsibility from MWMC for this work.

Information Systems and Services Fund

- *Core Business Software Replacement* – Provides partial funding for replacement of the software systems that manage and automate City administrative and business processes including accounts payable, human resources, payroll, general ledger, budget, receivables and purchasing. Funding comes from several sources, including savings from discontinuing maintenance on existing system, contributions from Central Services operations, General Fund contribution from SB#1 in December 2014, Telecom Fund and Assessment Fund.